

# CORN UTILIZATION COUNCIL



*South Dakota Legislative Research Council*

## Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding Informational Budgets in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

## When and why was this fund created?

The South Dakota Corn Utilization Council (SDCUC) and the Corn Utilization Council Fund were established by the 1988 Legislature for the purpose of creating a revolving fund for money collected from corn checkoff fees. The council is composed of fifteen directors who are participating growers and elected by participating growers. The secretary is an ex officio, nonvoting director of the council. The fund is attached to the Department of Agriculture for informational budgeting and administrative support.

## Where does the revenue come from?

Revenue for the fund comes from corn checkoff fees. An assessment of one cent per bushel is imposed by the council on all corn marketed to a first purchaser within the state.

The money in the fund makes needed corn utilization research possible, allowing the SDCUC to develop new and innovative uses for corn and corn byproducts which benefit South Dakota economically and environmentally. South Dakota corn producers, through SDCUC check-off dollars, also fund the U.S. Grains Council, U.S. Meat Export Federation, the American Coalition for Ethanol, and the National Corn Growers Association.

Any grower subject to the assessment may, within sixty days following the assessment, make application to the council for a refund of the assessment. Upon the return of the refund application, accompanied by a record of the assessment by the first purchaser, the grower will be refunded the net amount of the assessment collected within sixty days. However, a grower who has paid the assessment more than once on the same corn is entitled to a refund of the overpayment. Historically, the number of producers that request a refund is approximately 10 percent.

## What spending restrictions exist on the fund?

Money in the Corn Utilization Council Fund is continuously appropriated. (38-32-12) Expenditures of these funds are made in accordance with the provisions of Title 4.

## Has the original purpose of the fund changed?

The original purpose was to create a corn utilization council and revolving fund for corn checkoff fees. The money in the fund is used for research and market development and promotion for the corn industry. The purpose has not changed since the fund was created.

## Is the fund on the state accounting system? What is the timing of the Fiscal Year?

The fund is on the state accounting system, however, the Council writes refund checks to growers through a local bank account. The fiscal year runs the same as the State Fiscal Year which is from July 1 to June 30.

## What oversight exists?

An Independent Audit performed by Eide Bailly was completed on the financial statements of the Corn Utilization Council as of June 30, 2006. The Corn Utilization Council was recently reviewed by the Government Operations & Audit Committee during the 2007 interim. The fund is also reviewed annually by the Joint Appropriation's Committee during the budget hearing process for the Department of Agriculture.

## 2007 Government Operations and Audit Committee "Blue Book"

Prepared by the Department of Legislative Audit

## Other Fund Information

**Department of Agriculture**  
**State Accounting System - Other Fund Balances**  
**Company 3055 - Corn Utilization Council**

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	3,479,630.47	2,521,182.39	2,837,349.71	1,403,629.60
2 Cash and Cash Equivalents	2,226,058.00	30,000.00	30,000.00	-
3 Total Assets	5,705,688.47	2,551,182.39	2,867,349.71	1,403,629.60
4				
5 Accounts Payable	-	-	-	-
6 Total Liabilities	-	-	-	-
7				
8 Reserve for Encumbrances	-	-	-	-
9 Unreserved Fund Balance	5,705,688.47	2,551,182.39	2,867,349.71	1,403,629.60
10 Total Fund Equity	5,705,688.47	2,551,182.39	2,867,349.71	1,403,629.60
11 Total Liabilities and Fund Equity	5,705,688.47	2,551,182.39	2,867,349.71	1,403,629.60
12				
13				
14 Licenses, Permits and Fees	2,804,695.38	3,271,395.47	3,387,663.92	3,103,371.72
15 Use of Money and Property	97,165.28	91,376.65	78,921.48	93,248.96
16 Total Operating Revenue	2,901,860.66	3,362,772.12	3,466,585.40	3,196,620.68
17				
18 Personal Services and Benefits	90,192.47	92,907.38	97,161.96	91,753.41
19 Travel	-	90,000.00	-	-
20 Contractual Services	4,556.09	3,475,777.98	3,053,222.54	4,538,587.38
21 Supplies and Materials	19.91	40,034.84	33.58	-
22 Grants and Subsidies	-	496,825.00	-	-
23 Capital Outlay	-	-	-	-
24 Other Expense	-	100,000.00	-	-
25 Total Operating Expenditures/Expenses	94,768.47	4,295,545.20	3,150,418.08	4,630,340.79
26				
27 Transfers In	-	-	2,779,742.37	-
28 Transfers Out	-	-	(2,779,742.37)	-
29 Net Transfers In (Out)	-	-	-	-
30				
31 Net Change	2,807,092.19	(932,773.08)	316,167.32	(1,433,720.11)
32				
33 Beginning Fund Equity	4,487,615.50	5,705,688.47	2,551,182.39	2,867,349.71
34 Prior Period Adjustment	(1,589,019.22)	(2,221,733.00)	-	(30,000.00)
35 Ending Equity	5,705,688.47	2,551,182.39	2,867,349.71	1,403,629.60

**Company:** 3055**Company Name:** Corn Utilization Council**Fund Name:** Corn Utilization Council**Fund Type:** Special Revenue**Purpose:** SDCL 38-32-12 created a special revolving fund for the corn council. Source: Moneys collected from corn checkoff fees. Use: Corn research and promotion.**Budget Information:** Included in the General Appropriations Bill as an informational budget.

Condition Statement Prepared by the Department of Agriculture on 10/05/07

**Department of Agriculture  
Corn Utilization Council  
Condition Statement (3055-INFO)**

	ACTUAL FY2006	ACTUAL FY2007	BUDGETED FY2008
<b>TOTAL RECEIPTS</b>	<b>\$3,466,585</b>	<b>\$3,196,621</b>	<b>\$3,331,603</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$3,150,418</b>	<b>\$4,630,341</b>	<b>\$6,132,263</b>
NET (Receipts less Disbursements)	\$316,167	(\$1,433,720)	(\$2,800,660)
BEGINNING CASH BALANCE	\$2,521,182	\$2,867,350	\$1,403,630
NET (Transfers In/Out)	\$0	\$0	\$0
<b>ENDING CASH BALANCE</b>	<b>\$2,837,349</b>	<b>\$1,433,630</b>	<b>(\$1,397,030)</b>
<b>Cash in Local Checking Account</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Prior Period Adjustment</b>	<b>\$0</b>	<b>(\$30,000)</b>	<b>\$0</b>
<b>ENDING BALANCE</b>	<b>\$2,867,350</b>	<b>\$1,403,630</b>	<b>(\$1,397,030)</b>